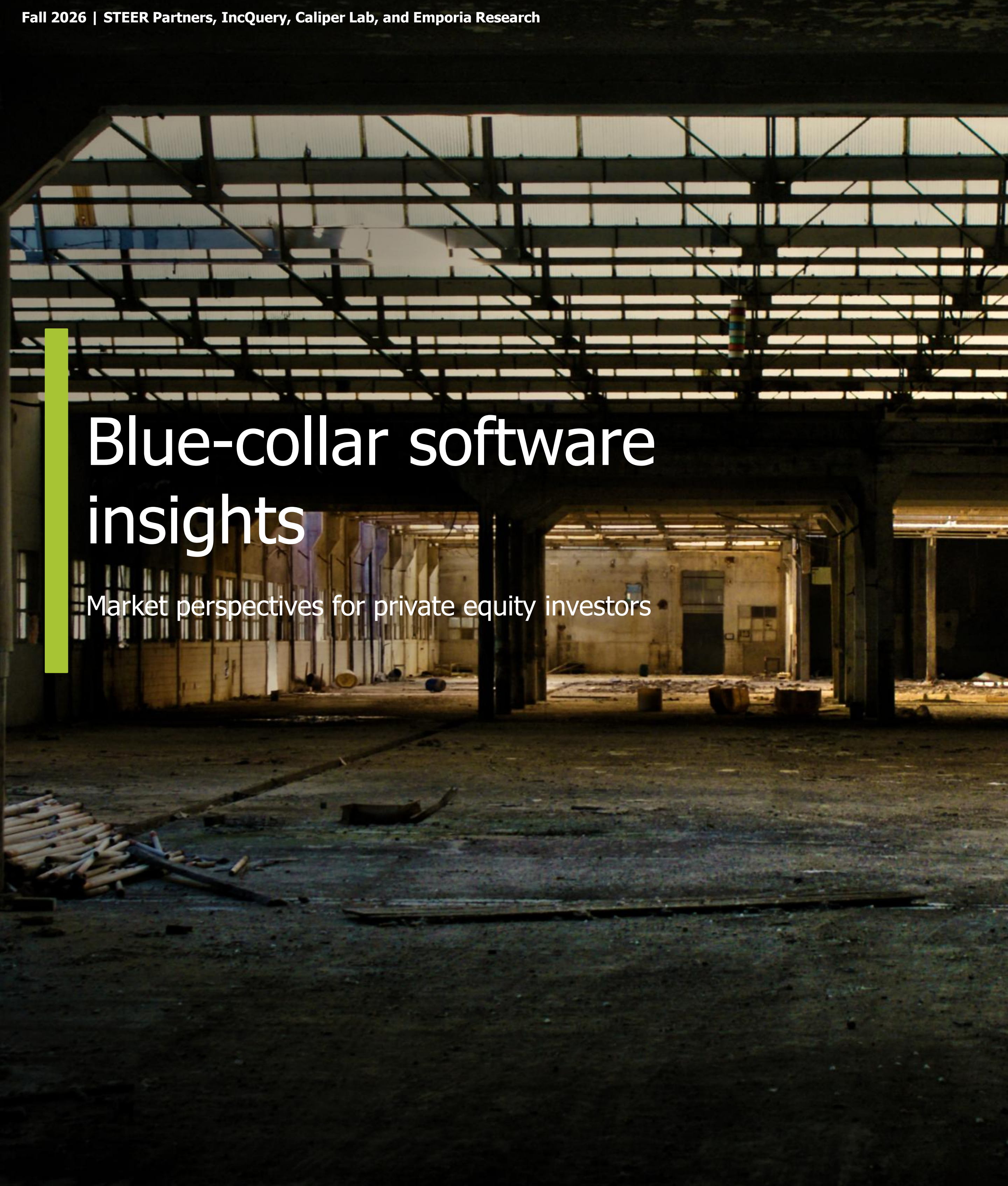


Blue-collar software insights

Market perspectives for private equity investors

STEER Partners is a boutique consulting firm advising middle-market private equity sponsors, portfolio companies, and corporate clients. Through targeted primary research, we provide market insights and actionable results to support growth and investment strategies.

Executive summary

Blue-collar industries have historically lagged broader software adoption due to experienced operator demographics, limited internal IT resources, and highly specialized workflows. Adoption is now increasing within administrative workflows, but the market remains **fragmented across generic tools, point solutions, and manual processes.** Relatively few businesses operate on fully integrated systems.

This fragmentation is becoming increasingly difficult to sustain. Labor shortages, rising customer expectations, tighter regulations, and continued PE consolidation across the industry are increasing the need for productivity, visibility, and standardization. As a result, operators are increasing software use: based on the IncQuery survey (N=50), **90% of respondents expect to increase software use**, with more than half planning to expand across most or all workflows.

The next phase of adoption will shift from basic digitization toward consolidation and greater vertical depth. **Operators increasingly need platforms that can replace fragmented tools, integrate across workflows, and address the specific operating requirements of their trade.**

Blue-collar operators increasingly seek software, but current tools fail to meet specific trade needs

Vertical full-stack platforms pair trade-specific depth with broad workflow coverage, positioning them to become the core system of record. These companies are especially well suited for compliance-heavy and route- or asset-based verticals where generic tools tend to fall short.

Market structure reinforces the opportunity for vertical platforms. **Broad field service management (FSM) platforms helped drive the first wave of software adoption; the next wave favors specialized vertical SaaS providers** that can deepen penetration within under-served trades, consolidate fragmented workflows, and expand wallet share. These platforms create attractive investment opportunities for software, services, and tech-enabled services investors alike.

Vertically specialized blue-collar software does not face near-term threat from AI disruption because it requires deep trade-specific context and integration into complex field workflows. AI may support full-stack solutions but cannot replicate the platform itself.

Vertical depth will define the next winners in blue-collar software

What is blue-collar software and where is it used?

Blue-collar software digitizes the workflows required to sell, schedule, execute, document, and monetize field-based work

Blue-collar industries

- HVAC / plumbing / electrical
- Roofing
- Restoration
- Landscaping
- Pest control
- Fire & life safety
- Elevator services
- Cleaning / facilities
- Waste / water / wastewater
- and others

The trades have historically relied on relationship-driven customer acquisition, manual scheduling and dispatch, and generic back-office tools to operate their businesses. Missed calls and follow-ups are often handled manually, routing typically depends on whiteboards or dispatcher judgment, and systems like QuickBooks capture transactions with little insight. These manual systems are limited in performance visibility and create an opportunity for software to optimize workflows.

Engage customers

Customer acquisition & engagement remain highly manual

The software opportunity:

- Online visibility
- Call management & booking
- Automated follow-up
- Digital quoting

Dispatch & execute work

Routing, dispatch & scheduling rely on whiteboards and manual planning without visibility

The software opportunity:

- Route density optimization
- Live tracking
- Tech mobile apps
- Customer communication

Measure performance

Operators often lack visibility into KPIs, utilization, and project completion

The software opportunity:

- Utilization & productivity dashboards
- Milestone billing
- Rework & callback tracking

Run financials

Generic accounting tools capture transactions but lack field-service operating context

The software opportunity:

- Real-time job costing
- Digital invoicing & same-day payments
- Trade-specific ERP

Blue-collar industries are slowly digitizing

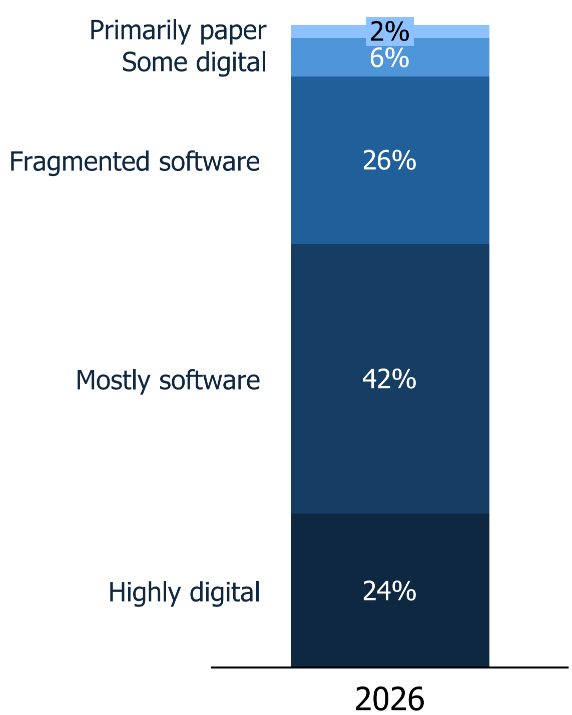
Most operators are starting to use software, but relatively few use integrated, end-to-end systems

Blue-collar businesses have been historically slower to adopt software, reflecting more experienced, owner-led, and relationship-driven workforces, limited internal IT resources, and a tendency to rely on familiar tools and processes.

Businesses have now started to use software across at least part of their operations; however, **adoption is often piecemeal rather than fully integrated**, with operators relying on a combination of point solutions, spreadsheets, QuickBooks, and manual workflows.

These disjointed software solutions create an opportunity for full-stack providers that can **replace fragmented tools, connect workflows, and become the system of record across the business.**

Current software use
(2026)



The market is still far from integrated. ~34% of respondents still operate with fragmented software or meaningful manual workflows, while only ~24% describe themselves as highly digital

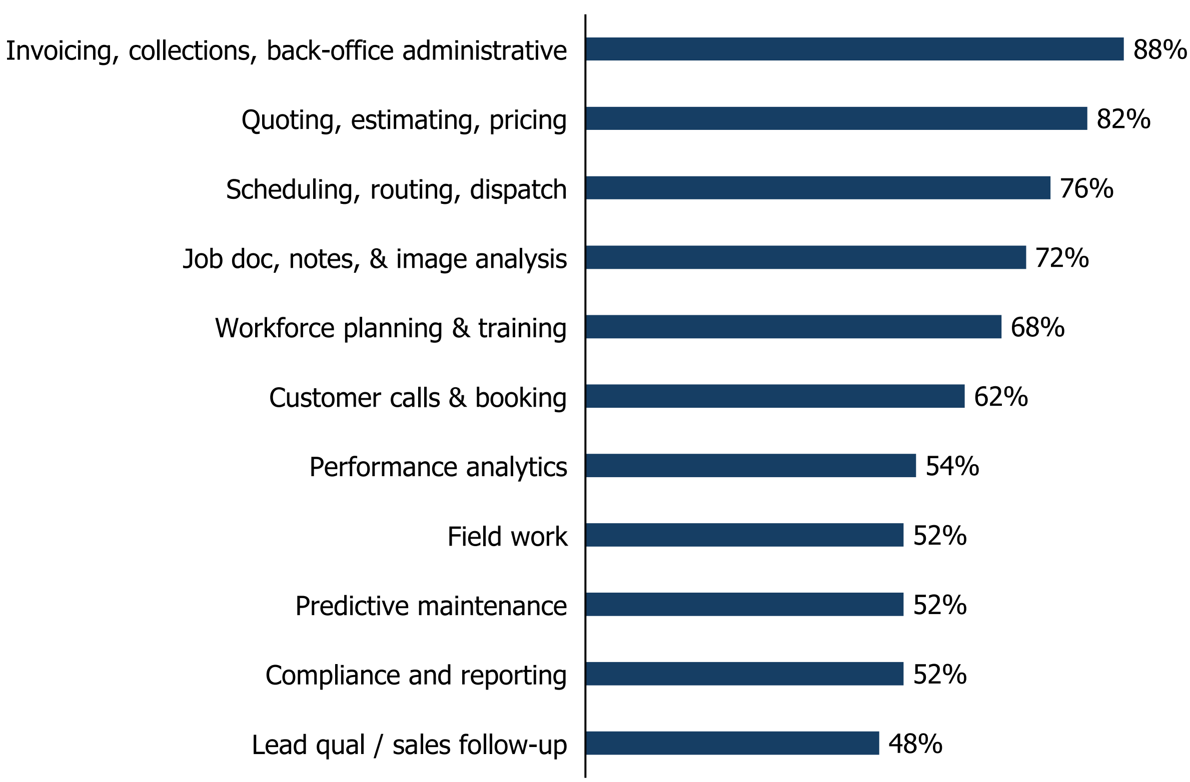
Source: IncQuery & STEER survey, N=50

Transactional workflows are digitizing first

Software adoption is beginning to move through the service stack, impacting segments disproportionately

Software adoption in the trades is occurring across workflows, but remains concentrated in administrative tasks that are standardized, repetitive, and transaction-heavy. Invoicing, quoting, scheduling, and job documentation have the highest adoption rates, where software delivers clear and immediate efficiency gains. **More judgment-intensive or less standardized workflows, including lead qualification, sales follow-up, and analytics, have adopted more slowly.**

Workflows in which blue-collar organizations are currently using software
(2026, % of respondents)



Source: IncQuery & STEER survey, N=50

Industry headwinds are accelerating adoption

As labor shortages, tighter regulation, and rising customer expectations converge, software expansion becomes essential

Blue-collar operators are facing increasing pressure to digitize. Labor shortages add strain to limited staffs, customers expect faster and more digital service, new regulations add administrative burden, and PE-backed consolidation is forcing standardization across acquiring platforms. These forces are transitioning software adoption from a discretionary upgrade into a competitive necessity.

Market forces driving adoption

Labor shortages	**2.1M**	skilled trade jobs will likely go unfilled by 2030
Customer digitization expectations	**80%**	of homeowners say online booking influences who they hire
Tighter regulations	**$166k**	Maximum OSHA penalty per willful or repeat safety violation
PE investment	**4,000+**	home services businesses acquired by Private Equity in the U.S. from 2018 through 2025

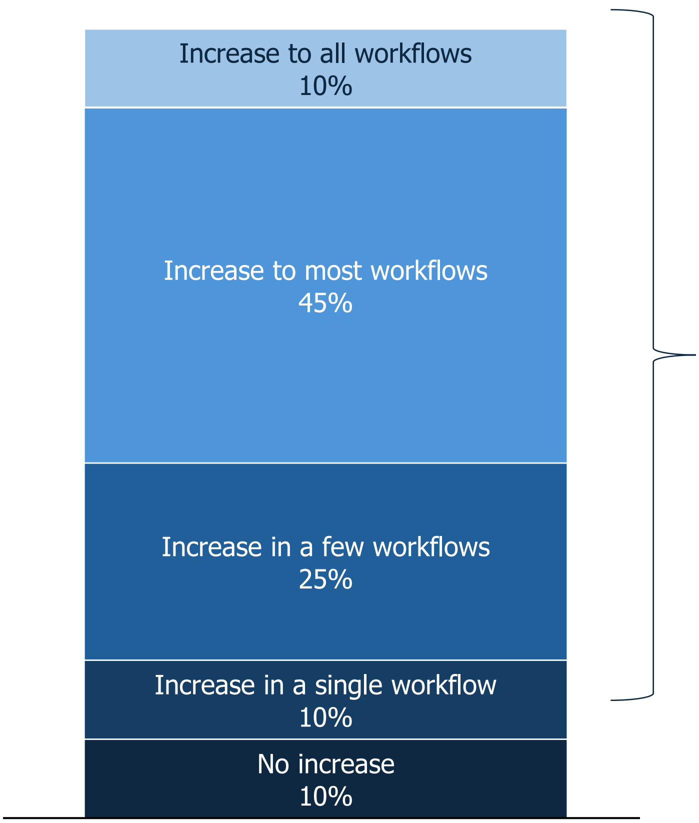
Note: Technician shortages increase demand for software that enables contractors to do more with fewer workers
Source: JLL, Housecall Pro, OSHA, West Monroe

90% of operators intend to increase software use

Rising pressures to digitize are pushing software adoption across most, if not all, workflows

Operators are turning to software to improve accuracy and service quality, enhance performance visibility, and accelerate workflow completion and service delivery.

Increase software use
(2026)



Top reasons to increase

#1 Improve accuracy and quality

#2 Accelerate workflow completion or service delivery

#3 Improve reporting and management visibility

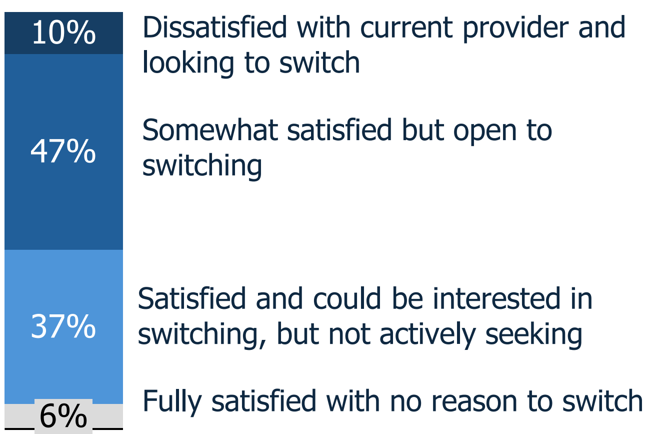
90% of respondents intend to increase software use in one or more workflow with 55% looking to implement in most or all workflows

Source: IncQuery & STEER survey, N=50

Existing software solutions fall short

Most operators are not fully satisfied with their current software solutions and are open to switching; fragmented systems and lack of industry-specific capabilities drive switching sentiment

Satisfaction with current software provider



Current software leaves meaningful whitespace for specialized solutions. Only **6% of respondents are fully satisfied with no reason to switch providers, while 94% are open to are actively looking to switch**, indicating that existing platforms are often "good enough" or falling short, rather than fully meeting operator needs.

Respondents consistently cited fragmented systems, limited integrations, and insufficient trade-specific functionality as the primary pain points driving interest in switching providers. With 26% of respondents already using fragmented solutions, many operators are seeking more integrated platforms that can connect workflows. **Beyond cost, the biggest barriers to adoption are integration with existing systems and limited trade-specific functionality.** This creates an opportunity for vertically-specialized full-stack platforms.

Most significant barriers to adopting software

Source: IncQuery & STEER survey, N=50

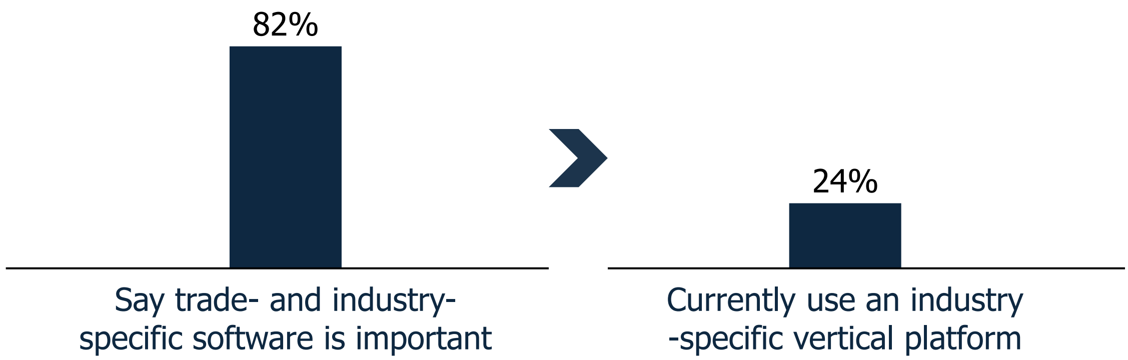
Users are seeking vertical specialization

Horizontal and point solutions often lack the trade-specific functionality blue-collar operators need, increasing demand for software built around the individualized workflows

Many respondents in blue-collar trades feel as though their current software platforms fail to address the complexity and specificity of their trade to the degree that is needed.

39% of respondents constrained in broader software adoption cite **workflow complexity** or **specialization** as the main limitation for current providers

Demand for vertical specialization outpaces supply



While **82% of respondents say trade- or industry-specific software is important**, only **24% currently use an industry-specific vertical platform.** Most are stuck on broad multi-trade platforms, a patchwork of point solutions, or manual processes that were never built for their workflow. Broad solutions are often too expensive and too generalized, while point solutions fail to cover the full stack.

The under-served opportunity is vertical full-stack platforms that close the gap directly, combining functionality for specialized workflows with the breadth to serve as the core operating system for the business.

Source: IncQuery & STEER survey, N=50

Vertical full-stack software is the future

By combining broad workflow coverage with deep trade-specific functionality, vertical full-stack platforms address the key limitations of both horizontal and point solutions

The software landscape spans horizontal and vertical platforms, as well as full-stack and point solutions, each with different strengths and limitations. **Vertical full-stack platforms increasingly offer the strongest value proposition** by combining trade-specific workflows and industry knowledge with broader end-to-end functionality—reducing fragmentation, limiting integration burden, and creating a clearer path to becoming the system of record.

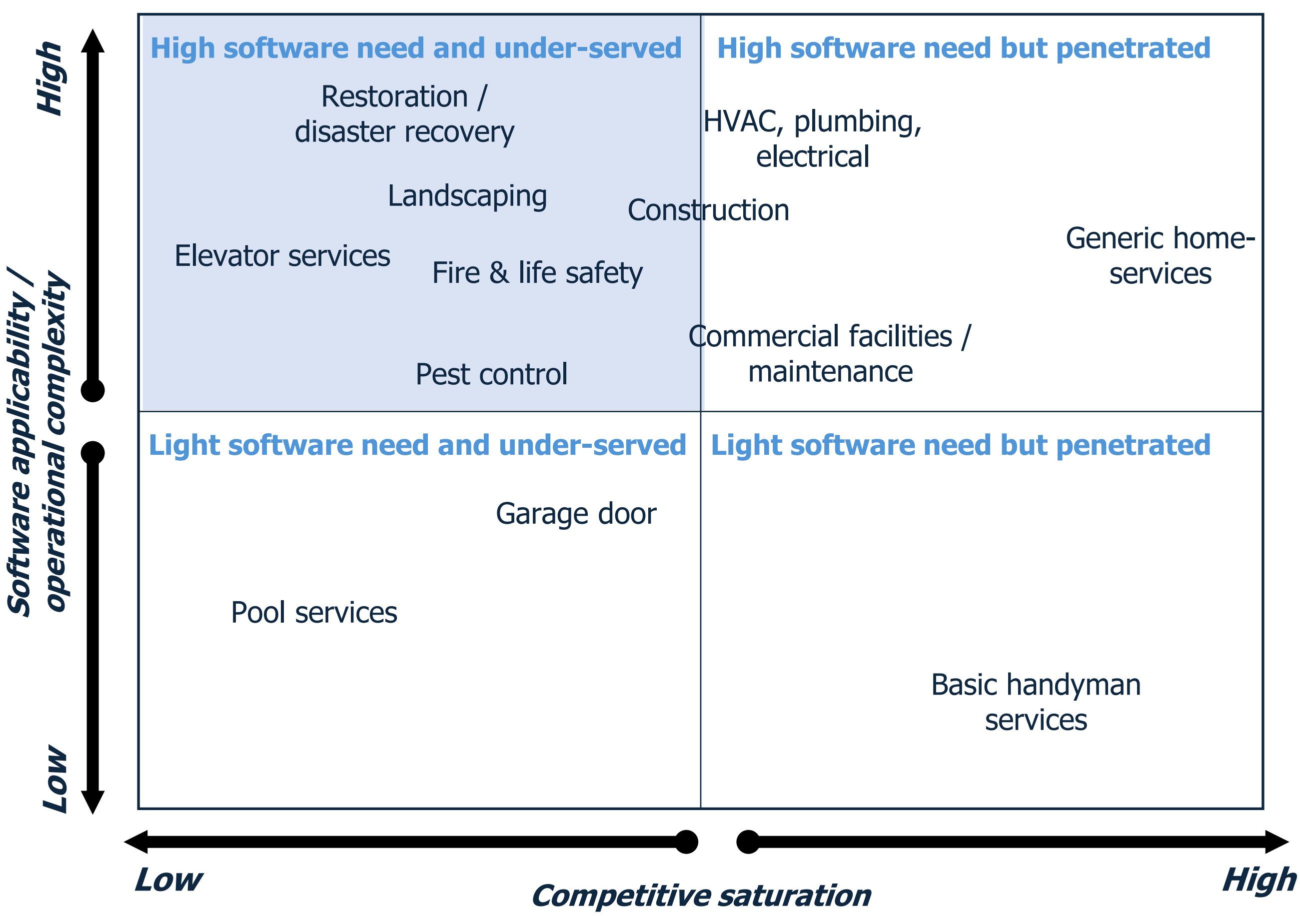
	Workflow coverage	Vertical specialization	Strategic limitation / advantage	Examples
Horizontal full-stack platforms	Broad, end-to-end workflow coverage	Limited trade-specific depth	Broad functionality, but falls short for specialized trade needs	ServiceTitan, JOBBER, Housecall Pro
Vertical full-stack specialists	Broad service coverage across core workflows	Deep, purpose-built functionality for a specific trade	Best positioned to become the system of record	tekmetric, PestPac by WORKWAVE, GRANUM
Horizontal point solutions	Narrow, focused on a specific workflow	Limited vertical specificity	Solves one pain point, but adds to fragmented tech stacks	Podium, nicejob, ClockShark
Vertical point solutions	Narrow, focused on one workflow or one use case	Deep functionality for a specific trade	Strong niche value, but requires integration with other systems	roofr, SINGLEOPS, CompanyCam

Source: STEER Partners research & analysis, company websites

High-need, under-served verticals offer the strongest investment opportunity

Compliance-heavy, asset-intensive, and route-based trades create the most whitespace for specialized full-stack software

Blue-collar software opportunity landscape



Source: STEER Partners analysis

The most attractive opportunities sit where software need is high but competitive saturation remains low. Restoration, elevator services, landscaping, and fire & life safety stand out given complex workflows, compliance requirements, and limited scaled software penetration. More mature categories can still support attractive businesses, but competitive intensity is higher and differentiation becomes more important.

Source: STEER Partners research & analysis, company websites

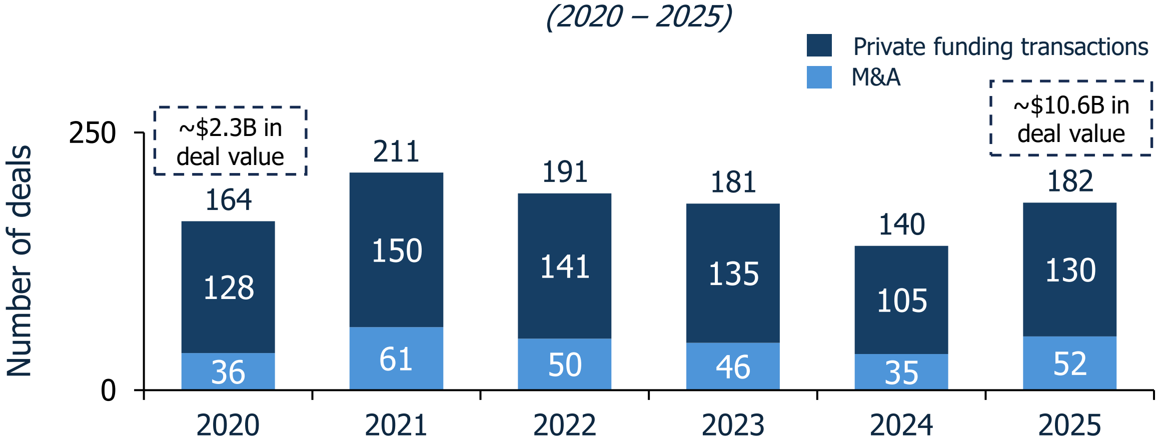
Investment is shifting toward vertical platforms

Broad field-service platforms digitized core horizontal workflows; the next wave of investment is moving deeper vertical software

Early investment focused on broad FSM platforms that digitized common workflows such as scheduling, dispatch, CRM, invoicing, and payments. With many of those horizontal needs increasingly addressed, **investors are now moving deeper into individual blue-collar verticals,** investing in specialized platforms that can automate heavily manual and fragmented workflows where specialization is uncommon.

U.S. FSM & Construction Software Investment Activity

(2020 – 2025)



Investment is beginning to move deeper into vertical workflows

Company	Vertical	Deal	Why it fits
roofr	Roofing	Series B led by TCV and ABC Supply in Jan. 2025	End-to-end roofing platform and "operating system" for roofing companies
BUILDOPS	Commercial specialty trades	$127M Series C led by Meritech in Mar. 2025	End-to-end operating platform spanning service, projects, field operations and back office for HVAC, plumbing and electrical
albi	Restoration	Series B growth investment from Frontier Growth in Aug. 2025	Purpose-built restoration management software spanning management, field doc, customer communication and financials

Source: Houlihan Lokey

Vertical platforms are attracting investment

Institutional investors are increasingly backing vertical software platforms supporting the attractiveness of the model

Vertical specialization	Portfolio company	Ownership	Investment year	Description
Fire & life safety	**Uptick**	**PSG**	**2025**	▪ Job-management for fire and life safety
Waste	**CurbWaste**	**Socium Ventures (Series B)**	**2025**	▪ Vertical SaaS / operating system for independent waste haulers
Water / waste	**SwiftComply**	**M33 Growth**	**2025**	▪ Water and wastewater compliance software
Landscaping	**Granum**	**FTV Capital**	**2024 merger**	▪ SaaS for landscapers and arborists

There are several privately-held firms and PE-backed companies reaching traditional hold periods that could make attractive targets for investors

Vertical specialization	Portfolio company	Ownership	Investment year	Description
Fleet	**GPS Insight**	**Accel-KKR**	**2021**	▪ Fleet management, field services, video telematics
Fire / mechanical	**ServiceTrade**	**JMI Equity**	**2021**	▪ Commercial FSM for maintenance & repair
Construction	**ToolWatch /AlignOps**	**The Riverside Company**	**2021**	▪ Equipment tracking /operations for construction
Fire & life safety	**Inspect Point**	**Mainsail**	**2022**	▪ Cloud-based end-to-end inspection software
Waste	**ServiceCore**	**Mainsail**	**2022**	▪ Business management software for liquid waste
Cleaning	**Clean-Smarts**	**Privately-held**	**n/a**	▪ Janitorial management software
Cleaning	**Clean Guru**	**Privately-held**	**n/a**	▪ SaaS based ERP software for cleaning businesses

Source: STEER Partners research & analysis, company websites, press releases

The playbook applies across investor types

Whether investing in software, tech-enabled services, or services, the opportunity is to build deeper vertical specialization and use technology to expand workflow ownership

For software investors:

- Back platforms that can move from a point solution to the **system of record for the trade** by owning more workflows, improving retention, and expanding into payments, analytics, or adjacent modules.

For tech-enabled services investors:

- Prioritize businesses where software can **standardize delivery, reduce labor intensity, improve visibility, and make the model more scalable**. The opportunity is not just owning software but using software to improve the economics and defensibility of the service model.

For services investors:

- Use vertical software as the **operating infrastructure for consolidation.** Standardize acquired businesses, centralize back office, improve technician utilization, integrate add-ons faster, and create a more consistent customer experience across locations.

STEER's recommended playbook

1. Pick the right verticals

- Target under-penetrated trades with high workflow complexity, compliance burden, asset intensity, or route density

2. Own the core workflow

- Establish a mission-critical role in the customer's operations, then expand into adjacent workflows to deepen relationships

3. Use technology to deepen economics

- Apply software, automation, and data to increase productivity, reduce labor intensity, improve utilization, and expand wallet share

4. Build a vertical data advantage

- Capture proprietary workflow and customer data to improve benchmarking, decision-marking, automation, etc.

Source: STEER Partners research & analysis

Blue-collar software is structurally insulated from near-term AI disruption

Fragmented operations and limited internal technical resources create a meaningful buffer from AI disruption

AI is unlikely to displace blue-collar software in the near term because the category requires **deep trade-specific context** and **integration into complex field workflows.** Horizontal AI products are optimized for broad use cases, while blue-collar operators often lack the engineering resources to build their own alternatives.

Structural reasons blue-collar software remains insulated from AI displacement

1. **Horizontal AI lacks vertical context**
   Blue-collar workflows require trade-specific compliance rules, job history, and field-operating context that broad AI products cannot easily replace

2. **AI builders will target easier markets first**
   New AI entrants are more likely to pursue larger, less fragmented markets such as legal and sales before tackling complex workflows with lower software sophistication

3. **Operators are buyers, not builders**
   Most blue-collar SMBs have limited IT resources and little appetite for internally developing software, reducing the risk that customers bypass vendors

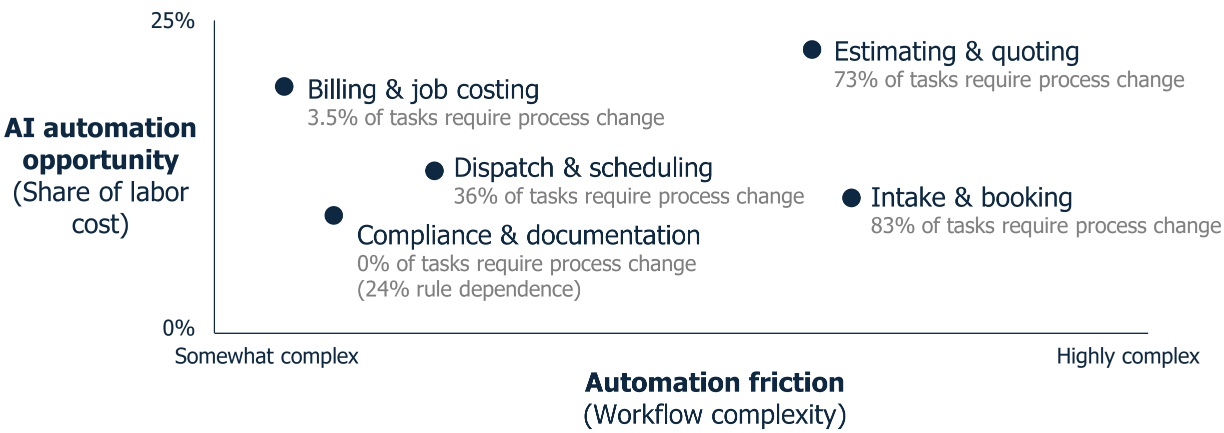
4. **Blue-collar workflows are difficult to automate**
   Most blue-collar workflows follow non-static rules, require process adaptability, and depend on user intake, all of which are difficult for models to predict (e.g. AI systems lose 20 to 30 pp. on benchmarks when these operating frictions exist in the process)

Source: STEER Partners research & analysis, Caliper Lab, company websites

AI raises the value of vertical depth

Even as AI begins to automate individual workflows, vertical platforms remain insulated as end-to-end automation is difficult

Workflow stages by automation opportunity and friction



- According to Caliper Lab's AI analysis, **billing & job costing are most automatable:** rules are clear and documented, process change is 4% and live work is limited
- **Estimating & quoting** represent the largest administrative labor pool, but model coverage is the most limited because the process relies on trade-specific evidence and judgment. 79% of tasks are rule-dependent and 73% require adaptability
- **Intake and booking** similarly require live conversation and changing context, with 37.5% of its work being real-time speech and 83% involving a changing process
- **Dispatch and compliance** can increasingly be software-led, but still require exception handling, review, or vertical-specific rules which are difficult to automate

Uneven automation reinforces the value of full-stack platforms

Vertical workflow depth creates the moat. Full-stack platforms with years of job history, trade-specific compliance rules, customer data, and equipment records provide the context AI needs to automate effectively. These systems become more valuable as AI layers in, rather than getting displaced.

Note: Automation friction is based on the percentage of workflow that requires live process change and rule dependence, adding complexity

So, where should you invest?

The opportunity is shifting from broad workflow digitization toward vertically specialized platforms that can own more of the operating workflow

Investors should prioritize **workflow depth over feature breadth alone**. Horizontal FSM platforms have already digitized many common functions such as scheduling, dispatch, invoicing, and payments; the remaining whitespace is concentrated in trade-specific workflows where generic tools struggle to address compliance, field execution, asset complexity, and vertical operating requirements.

The most attractive platforms should have a **credible path from initial workflow ownership to broader system-of-record status**. Businesses that establish a wedge in a mission-critical use case and expand into adjacent modules can deepen customer relationships, increase wallet share, improve retention, and create a stronger long-term competitive moat. This is especially compelling in fragmented verticals that still lack a scaled, integrated platform.

AI should reinforce rather than undermine the strongest vertical platforms. Standardized administrative tasks may automate quickly, but more complex workflows still require trade-specific context, proprietary data, embedded integrations, and human judgment. Platforms that already own the workflow and customer data are therefore better positioned to embed AI over time than standalone horizontal tools or internally built solutions.

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STEER partnered with several companies across the market to create our analysis

STEER partnered with third-party research and analytics providers to strengthen survey execution and independently assess AI automation potential

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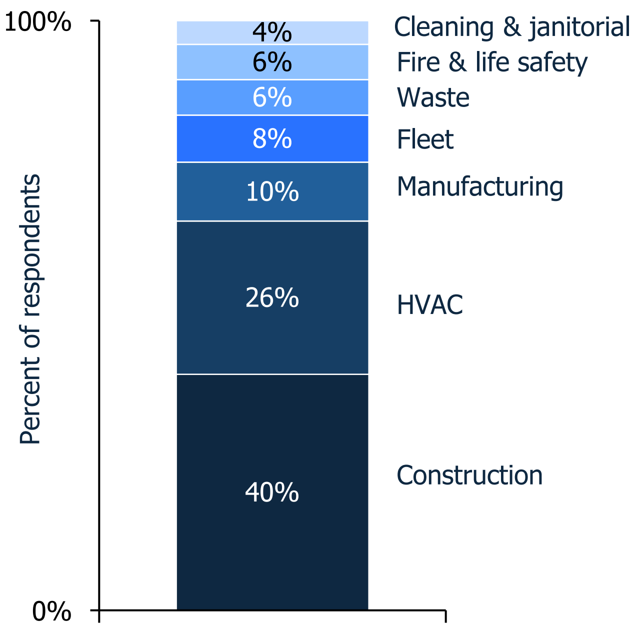
Emporia is a healthcare and B2B research platform that helps companies field studies with 100% verified professionals

Fielded a 50-expert pool of specialists in construction, HVAC, janitorial, waste, fleet, fire & life safety, and manufacturing

STEER surveyed respondents across blue-collar trades, company sizes, and ownership structures

IncQuery survey results primarily reflect small and mid-sized, founder-led construction and HVAC businesses

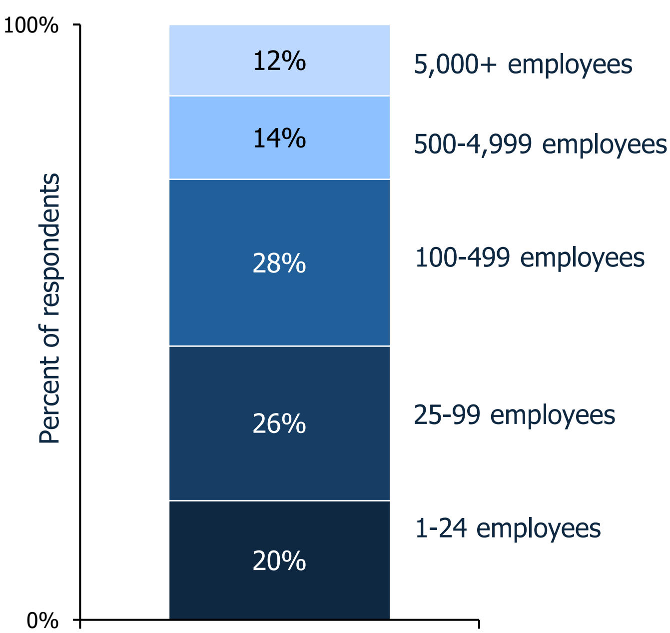
End market concentration



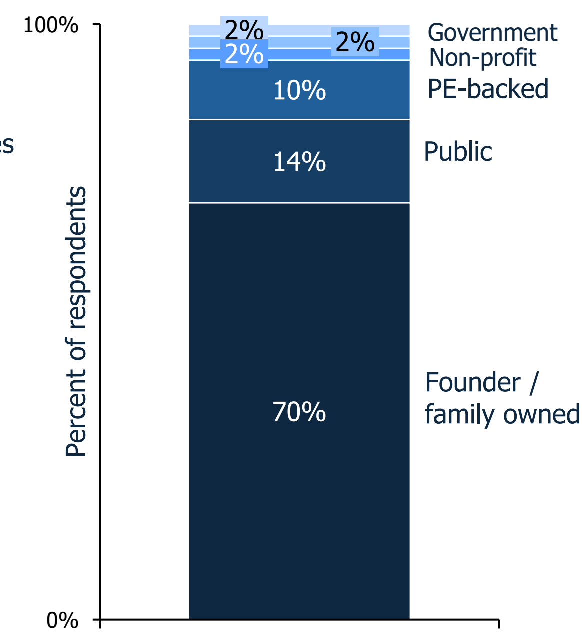
The IncQuery survey skews toward **construction and HVAC professionals at small to mid-sized, founder- or family-owned businesses**. Approximately 66% of respondents operate in construction or HVAC, ~74% work at companies with fewer than 500 employees, and 70% are employed by founder- or family-owned businesses. Respondents also tend to be experienced industry participants, with **50% reporting 15+ years** in the sector.

The results therefore provide the strongest read on **traditional, relationship-driven blue-collar businesses**, particularly smaller and mid-sized operators where software adoption has historically been slower. Findings may be less representative of large enterprises, PE-backed platforms, or more digitally mature verticals.

Size of business



Ownership structure



Note: "Other" is the final 2% under ownership structure in the chart on the right

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